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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

First report of the Advisory Committee on Administrative and Budgetary Questions*

ESTIMATES OF INCOME

Income section 1. Income from staff assessment

IS1.1. The Secretary-General estimates \$329,104,900 as the amount of staff assessment under expenditure section 32 and under income section 3. The amount of staff assessment not otherwise disposed of by specific resolution of the General Assembly will be credited to the Tax Equalization Fund established by the Assembly in its resolution 973 A (X) of 15 December 1955 for distribution to Member States in accordance with the scale of assessments for the regular budget applicable to the financial year concerned.

IS1.2. The total estimate under income section 1 is \$4,504,800 more than the total estimate under section 32 because the former includes income from staff assessment derived from emoluments of staff who are charged to revenue-producing activities under income section 3; on the other hand, the staff assessment paid to such staff is shown under income section 3 rather than under section 32.

* The present document contains income sections 1 to 3 of chapter II of the first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 1998-1999. Chapter I has been issued as Official Records of the General Assembly, Fifty-second Session, Supplement No. 7 (A/52/7). The complete first report will be issued as Official Records of the General Assembly, Fifty-second Session, Supplement No. 7 (A/52/7/Rev.1).



Income section 2. General income

IS2.1. As indicated in tables IS2.1 and IS2.2 of the proposed programme budget, the total estimate of general income for the biennium 1998-1999 amounts to \$35,135,800, a decrease of \$46,883,800, compared with the estimate of \$82,019,600 for 1996-1997. The Advisory Committee notes from table IS2.4 a decrease of \$25,963,900 in the reimbursement for services provided to specialized agencies and others. As indicated in paragraph IS2.2, the introduction of net budgeting for conference servicing and security and safety services in Vienna under the expenditure section will decrease the estimates under income, but the exact amount was not provided. The decrease of \$1 million under telecommunications services is the result of a reduction in the rates charged to users and the anticipated reduction in peacekeeping missions.

IS2.2. The Advisory Committee notes from paragraph IS2.1 and table IS2.3 that income from payment of rentals, by a number of specialized agencies and other entities connected with the activities of the Organization, for the occupancy of the United Nations premises in New York, Geneva, Addis Ababa, Bangkok and Nairobi is projected to decrease by \$4,246,300, from \$16,549,900 in 1996-1997 to \$12,303,600 in 1998-1999. The projected decrease of \$395,100 for New York is a result of ongoing lease negotiations between the United Nations and the United Nations Development Corporation for premises at the United Nations Development Corporation (DC) buildings. Upon inquiry, the Committee was informed that the agreement for premises rented in the DC buildings is yet to be signed.

IS2.3. With regard to the loan made by the United Nations to UNIDO, the Advisory Committee was informed that out of the amount of \$16 million, \$9 million was still outstanding.

Income section 3. Services to the public

IS3.1. As indicated in paragraph IS3.2, the estimate for net revenue under income section 3 for the biennium 1998-1999 is projected at \$5,271,400, which represents an increase of \$3,050,000 over the revised estimates for 1996-1997 of \$2,221,400. Revenue-producing activities are carried out at Headquarters and at Geneva and Vienna by the Office of Conference and Support Services, the Department of Public Information, the United Nations Office at Geneva, the United Nations Office at Vienna, the Department for Economic and Social Information and Policy Analysis and the Office of Programme Planning, Budget and Accounts.

IS3.2. The Advisory Committee requests the Secretary-General to explore ways in which fixed costs can be made more flexible, including staff costs. In this connection, the Committee was informed that out of 134 posts requested for 1998-1999 under this section, 98 are permanent.

IS3.3. Upon inquiry as to the steps taken to implement reports of the Office of Internal Oversight Services, the Advisory Committee was informed that with regard to the catering activities, the finalization of a draft request for proposals for operation of the catering facilities at Headquarters was delayed until November 1996 in order to take into account the findings of the Office of Internal Oversight Services. The Committee was also informed that the Office of Internal Oversight Services was kept fully informed of the contract negotiations and that draft copies of the final contract were provided to them to ensure that their concerns and comments were incorporated.

IS3.4. In connection with the implementation of paragraph 14 of the report of the Office of Internal Oversight Services on the audit of the United Nations Postal Administration (UNPA) (A/51/897), the Advisory Committee was informed that UNPA was actively exploring alternative methods of distribution, including greater cooperation with national postal administrations, under which a national postal administration would be allowed a commission on the stamps it sold but would be required to perform the distribution functions and the role of UNPA would simply be to provide the philatelic material in bulk. The Committee was also informed that UNPA was seeking the cooperation of major distributors/dealers in undertaking publicity campaigns and providing the dealers with stamps in bulk to sell through their own mailing lists.

IS3.5. The Advisory Committee notes from table IS3.22 that a deficit is projected for 1998-1999 in connection with the garage operations at Vienna. The Committee requests that steps be taken to remove the deficit.

IS3.6. In connection with gift items, the Advisory Committee notes from paragraph IS3.51 that in 1997, the activities related to gift items at Headquarters were contracted out to a retailer. The Committee trusts that the performance of the vendor will be carefully monitored so that the royalty payments to the United Nations may be increased.

IS3.7. With regard to services to visitors at Headquarters, under the responsibility of the Department of Public Information, the Advisory Committee notes from paragraph IS3.103 that ticket prices during the biennium 1998-1999 will be increased for adults and senior citizens to \$7.50 and \$5.50 respectively. The Committee is of the view that the increase in ticket prices may lead to a reduction in revenue and may be counterproductive.
